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August 5, 2014

VIA ECF

Honorable Mark Falk, U.S.M.J.
United States Post Office and Courthouse
1 Federal Square, Room 457
Newark, New Jersey 07101

**Re: *NXIVM Corporation v. Estate of Morris Sutton, et al.*,
Civil Action No. 2:06-cv-01051(KSH)(MF)**

Dear Judge Falk:

We represent defendants Estate of Morris Sutton, Rochelle Sutton and Stephanie Franco (collectively, the "Sutton Defendants") in the above-referenced matter.

Initially, regrettably, we must advise the Court that Ms. Sutton passed away last week. Pursuant to Fed. R. Civ. P. 25(a), the Sutton Defendants will file the appropriate Statement Noting the Death of Ms. Sutton. In order to avoid motion practice, the Sutton Defendants will also seek the consent of the other parties in filing a stipulation providing for the substitution of the Estate of Rochelle Sutton in place of Ms. Sutton.

Further, pursuant to Your Honor's July 29, 2014 directive, we identify below the remaining claims involving the Sutton Defendants.

Plaintiffs NXIVM Corporation and First Principles, Inc. (collectively, "NXIVM") maintain a common law claim against the Estate of Morris Sutton and Ms. Sutton for tortious interference with contractual relations. NXIVM also maintains common law claims of misappropriation of trade secrets and breach of contract against Ms. Franco.

Ms. Franco asserts claims against NXIVM and third-party defendant Nancy Salzman for violations of the New Jersey Consumer Fraud Act and New York General Business Law § 349, as well as common law claims of fraud and fraudulent concealment. These claims were asserted in Ms. Franco's Answer and Affirmative Defenses to Amended Consolidated Complaint and Counterclaims, dated September 15, 2005, which was filed in the Northern District of New York action, Civil Action No. 03-cv-976. A copy of Ms. Franco's Answer and Counterclaims was filed in this action as an exhibit to a motion filed by NXIVM [Docket Entry No. 141-22].

Additionally, in their Amended Answer, the Estate of Morris Sutton and Ms. Sutton maintain cross-claims of indemnification and contribution against defendants The Ross

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Institute, Rick Ross, Paul Martin and Wellspring Retreat, Inc. [Docket Entry No. 23].
Thank you.

Respectfully Submitted,

/s/Anthony J. Sylvester
Anthony J. Sylvester

cc: Counsel of Record (via ECF)

4810-7248-9244, v. I